

Arizona Attorney General

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Educating • Protecting • Empowering

Arizona Consumers



Tips for Avoiding Predatory Lending

“Prevention is the best way to stop criminals. By giving more Arizonans information about consumer fraud and resources available for help, more people will spot the red flags and protect themselves and their families.”



Contact the Arizona Attorney General's Office

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Tips for Avoiding Predatory Lending

- *Read every document carefully. Do not sign contracts or documents that have any blank spaces.*
- *Ask for copies of the loan documents in advance so you have plenty of time to read them.*
- *Do not borrow money unless you understand all of the loan terms, how much you are borrowing, how much you will have to pay each month and how long you will make payments.*
- *Just because you have applied for a loan doesn't mean you have to go through with it. **Even after you sign the loan papers, you have three days to back out.***
- *Make the monthly mortgage payments directly to the original lender. Do not allow another person to make payments on your behalf.*
- *Shop around. Often you can do better than the first offer.*
- *If the lender negotiates the contract in a language other than English, and the documents are written in English, take the contract to someone who can review the contract.*
- *Contact the Arizona State Banking Department at (602) 255-4421 to determine if the company you are dealing with is a licensed financial lender and whether the lender has a disciplinary record.*
- *Some lenders require the borrower to pay a penalty if the loan is paid off early. This "pre-payment penalty" may make it difficult to refinance to a lower interest rate. If you decide to allow a pre-payment penalty, negotiate so it lasts only for the first year or two of the loan.*